

# CITY OF BEAVERTON BUDGET MESSAGE

## FISCAL YEAR 2020-21

### GUIDELINES & SUPPLEMENTARY BUDGET DETAIL

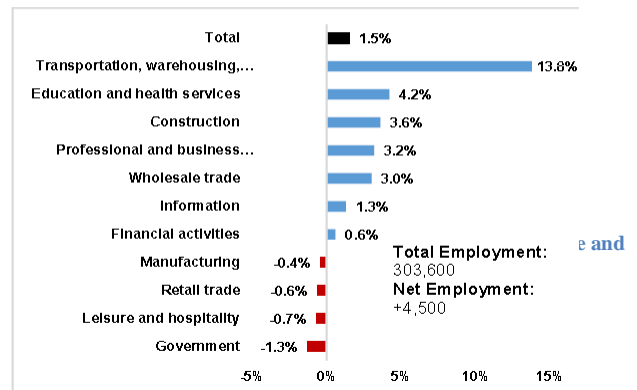
#### FY 2020-21 BUDGET GUIDELINES

Mayor Doyle and the management team continue monitoring and changing operations through evaluation of revenue streams that are sensitive to current economic conditions; adjusting staffing levels, examining ways to be more efficient and making reductions where appropriate. The level of scrutiny increased for the FY 2020-21 budget as the staff were tasked with identifying resources that could be redeployed toward assisting businesses and residents affected by the novel coronavirus pandemic and the resulting disease of COVID-19. The analysis also reflected adjustments to future revenue streams which might not perform in their normal means because of potential economic slowdowns. Much of the work is based on the recent experience with the Great Recession a decade ago. During the budget building process about \$6 million in expenses were eliminated or offset, mostly in the category of outlays for Materials and Services, with the goal of preserving reserves.

Staff have evaluated processes, eliminated duplication and reduced the costs of providing services to the public while maintaining quality service. The following themes reflect the determination to develop the productivity of the City's excellent work force, encourage operational improvements and operate efficiently within our budget constraints.

**Local Beaverton Area Economy:** Being "Open for Business" is working, despite the response to COVID-19. A variety of indicators demonstrate that Beaverton's economy is strong. At the time the FY21 budget was developed, the Nike and Intel expansions around Washington County, exceeded expectations for employment and capital investment. The February 2020 unemployment rate in the county is 2.9%. Recent data shows that the county's job growth out-paced the other two counties to lead the region and the state. The accompanying graph illustrates job growth over the past year in most sectors as of January 2020.

**Transportation, Warehousing, and Utilities Reversed Course From Last Month and Now Leads Employment Growth**  
*January 2019 to January 2020, percentage change*



Modernizing the Development Review Process (DRP) is a multi-year major initiative for the city. The Community Development Department has created the ability for contractors, developers or any property owner to submit an on-line application for almost any phase of the development process, along with plan documents. The DRP project team is now implementing an integrated software application for the entire development permit process including on-line payments and more sophisticated document archiving and retrieval of permit data. The responses from members of the development community has been extremely positive as they see significant improvements in the efficiency of the process. Even without the full new software, electronic permitting processes are being used during city building closure during the COVID-19 crisis.

With the opening of several subdivisions, including in the South Cooper Mountain area, new single-family permit activity has blossomed. In the first half of FY 19-20, 93 permits were issued with another 80+ applications submitted and/or anticipated to be submitted to the Building Division. This level is expected to continue through FY 20-21 with the opening of additional subdivisions in the South Cooper Mountain area.

Multi-family development is expected to continue at a strong pace for the remainder of FY 19-20 and into FY20-21. Multi-family projects are expected to begin in the spring of 2020 and continue through FY 20-21 in the following areas: South Cooper Mountain; Murray and TV Highway; Murray and Hwy 26 and The MaryAnn Apartments near Beaverton High School. New permit activity in FY 20-21 has applications or anticipated submittals for such projects

as: Scholls Apartments, Scholls Ferry & Barrows Apartments, Baseline & 170<sup>th</sup> Apartments, The Ridge Apartments, Hall Multi-family, Allen Apartments and others.

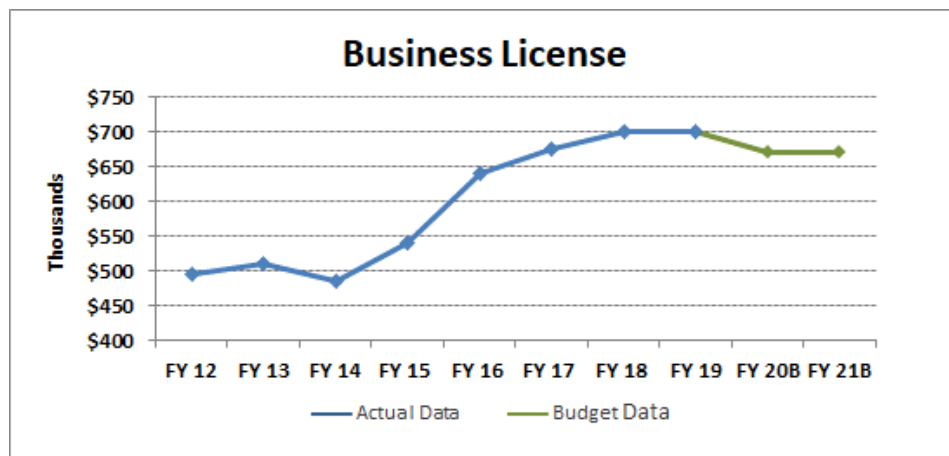
Commercial development is expected to continue at a strong pace for the remainder of FY 19-20 and into FY20-21. New commercial permit activity in FY 20-21 include a new fitness and tennis center and associated parking structure, a new memory care center, retail mixed use at South Cooper mountain, hotel at Timberland and more new lease-space buildings in the Cedar Hills Crossing project.

Budgets based on development activity utilized these values for their revenue projections:

- 200 single family units
- 747 multifamily units
- 10 commercial buildings

All of these speak to Beaverton’s growth as a regional attraction. Central Beaverton and the greater downtown area has also developed a reputation for great food with more than 50 independently owned restaurants, including several new restaurants that opened in 2019 and 2020 alone. The City supported restaurants and other businesses with storefront grants and tenant improvement dollars; place-making grants brought attention and people downtown. The City’s Urban Renewal program, Beaverton Urban Redevelopment Agency (BURA), is becoming a major player with real estate development inside its 997-acre district. BURA expanded its property holdings in the block between Canyon Road and Millikan Way astride Beaverdam Road with acquisition of the Adelphos Holdings/Best HQ property to provide more than 2 acres for redevelopment. BURA also acquired a vacant parcel on SW Broadway St at SW East Avenue for a park (as an interim use) and the former Beaverton Bank building at Farmington Road and Watson Avenue. That building was sold for redevelopment. An additional block of parcels west of Rose Biggi Avenue were acquired for redevelopment. Two distinct development teams are currently engaged with BURA on plans for constructing new mixed use development at an urban scale.

The graph below illustrates the trend of business license fees for 10 years. Revenue for FY 2020-21 are budgeted at the same level as FY 2019-20, but will be monitored carefully due to concern that some businesses will may not survive closures required to contain the coronavirus pandemic. An increase in the base rate began in calendar year 2016. The data for FY 2019-20 and FY 2020-21 reflect budgeted values (B) in this and the other graphs.

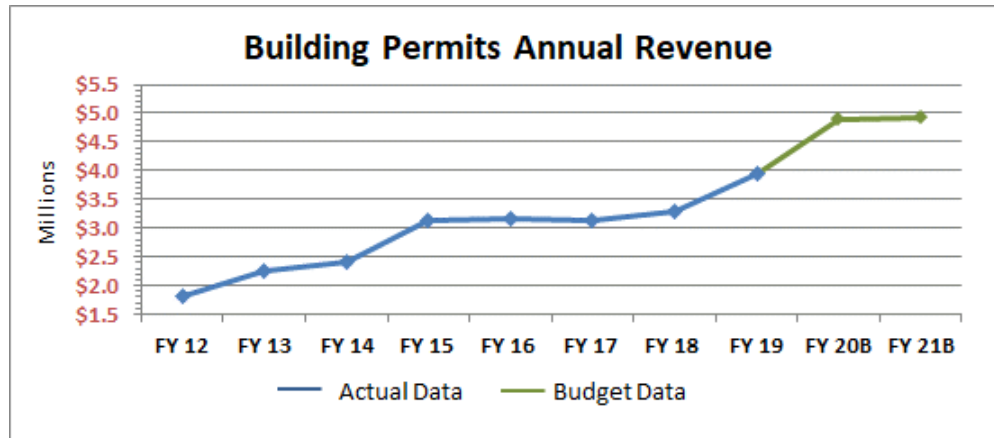


Nationally and in Oregon, there are long-term positive economic trends, but the estimates are somewhat buffered by the coronavirus pandemic. Corporate, personal, lottery and estate tax revenues will slide in the near term, while marijuana and liquor revenue continue to trend upward, statewide. The State Economist Office provide new trend projections several times each year and those will be closely tracked. For these reasons, any local forecasting seems speculative at this point.

The State’s economist staff suggests that the housing supply and affordability challenges truly are statewide issues. The increase in new construction activity in recent years has barely kept pace with the increase in population growth.

A market imbalance remains. That said, Portland is rebalancing and the supply of new apartments is beginning to hold down rents. However these trends are not yet seen elsewhere in the state. Over the next couple of years, with a little more new construction, and slowing population gains, such trends should become evident in other markets, but we are not quite there yet. The concern for the affordability of home ownership, rental rate hikes and increasing prevalence of homelessness are reflected in the city council priorities for this coming year’s budget.

Beaverton has seen the volume of building permits increasing due to the annexation of the land in South Cooper Mountain. The following graph shows Building Fund permit revenues over the past 10 fiscal years.



The larger magnitude of development activity in recent years is expected to continue. Building Permit revenue is recorded in the Building Fund. That Fund shows steady increases and FY 19-20 revenue projections are expected to reach just under \$4.4 million. The expected value of new building construction is more than \$285 million.

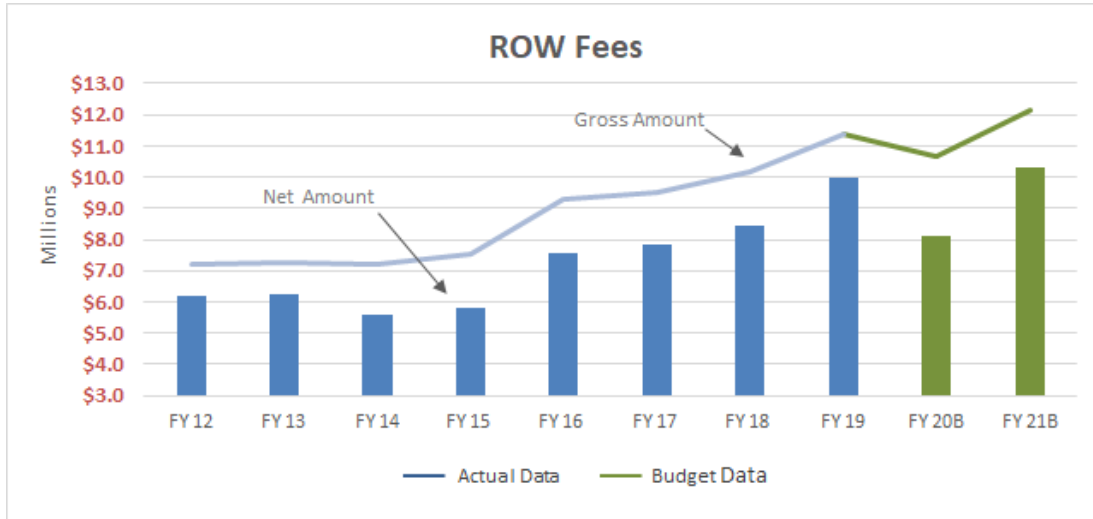
Fiscal Year	Building Permit Revenue
2015-16	3,150,874
2016 -17	3,142,805
2017 -18	3,299,994
2018-19	3,943,370
2019-20 Budgeted	4,883,125
2020-21 Budgeted	\$4,927,125

**City Revenues:** The revenue projections for the budget year were compiled through a process of careful evaluation that ensures that every possible source for revenue is considered. The property tax levy rate for general operations is \$4.23 per thousand dollars of assessed valuation (AV). The rate should generate \$42,830,213 in net property tax receipts based upon an estimated assessed valuation of \$11.0 billion. The \$4.2260 tax rate is 93% of the City’s \$4.6180 permanent rate tax authority. The increment between the levy of \$4.2260 and the \$4.6180 permanent rate is \$0.3920, and when applied to the estimated assessed valuation, it would produce an additional \$4.18 million dollars in property tax revenues. This additional unused tax authority provides the City with sufficient resources to meet future needs.

Right of Way (ROW) fees are charged to utility providers (electric, natural gas, telephone, telecom, cable TV, solid waste/recycling collectors, water, sewer and storm) for use of the City’s public right of way. The revenue stream shows an increase projected for FY 2020-21 due to a combination of new development, rate changes, and population increases.

The city uses portions of its ROW fees for street maintenance, street lighting and for debt service in the fund that repays the Special Revenue bonds for several capital improvements. The single trend line shown below represents the gross amount of ROW fees collected with the bars representing the net amount of franchise fees retained by the

General Fund after transferring portions to the Street Fund and the Special Revenue Debt Service Fund. The dip seen in the graph below is due to difference in measurement focus – FY19, in blue, displays the year-end actual information, whereas FY20 and FY21, in green, display the budgetary information.



The revenue trends across all funds are mostly positive despite the impact of COVID-19. The continued strong housing market and vibrant economy in a county known as the “economic engine of Oregon” provides a strong basis for these trends. Standard and Poor’s recognized those trends as they affirmed the City’s AA+ General Obligation (GO) bond rating during the past year. These are significant years for income for development related revenue sources such as Planning and Annexation Fees, building permits and the other system development charges. The pace of development in the South Cooper Mountain area (approximately 2700 homes) and in downtown should carry forward at least beyond FY 2020-21. These assumptions are based a continued strong state, national and international economy as Oregon and the Beaverton area depend on exporting many manufactured goods.

**Public Safety:** The budget provides funding to maintain 141 sworn police officer positions to maintain a healthy ratio of 1.44 officers per 1,000 of population. The Police Department budget is \$36.7 million. That is 41% of the General Fund’s appropriations and 23% of the citywide overall personnel services and materials and services budgets.

The City’s **Library Fund** receives property tax revenues from City taxpayers, the Washington County Cooperative Library System’s (WCCLS) local option levy distributed through Washington County, and from Washington County’s General Fund. Property taxes from Washington County, including WCCLS, is estimated to provide \$6.2 million, or about 60% of the operating revenues for the City’s Library in FY 2020-21. City property taxes make up just under \$4 million of the Library Fund’s revenues for FY 2020-21, or 39%, and other revenues such as interest and fines account for about 2%, or \$209,400. FY 2020-21 property tax revenues are budgeted approximately 6% higher than in FY 2019-20, a difference of about \$583,000.

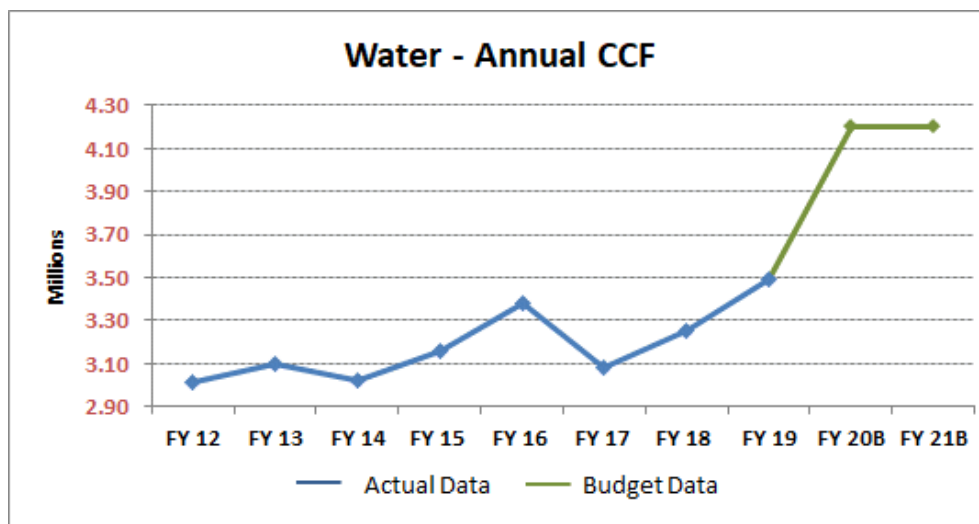
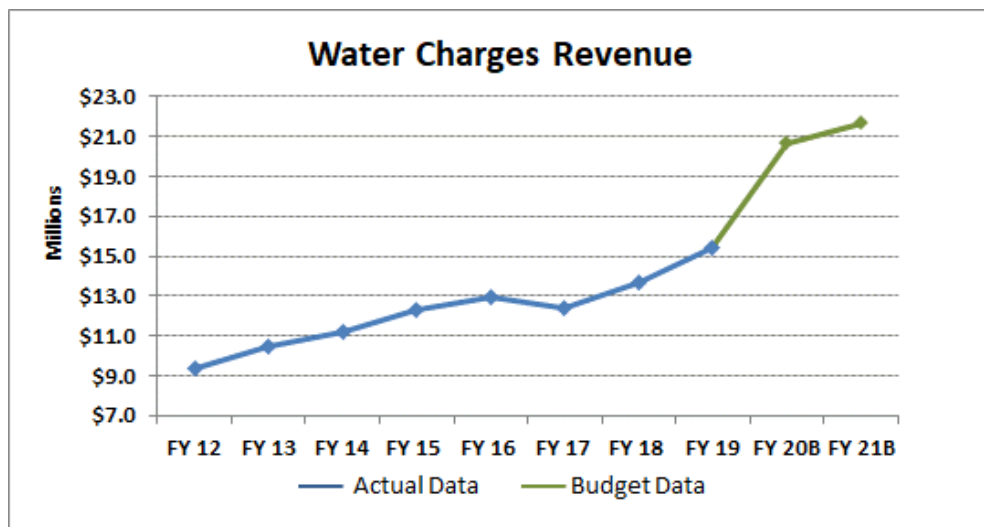
The **Street Lighting Fund** was terminated in FY 2019-20 and became a program within the Street Fund. Instead of receiving an allocation of property taxes, an equivalent amount of ROW fees is transferred to the Street Fund. The General Fund will retain the amount of property taxes historically (circa 1949) levied for street lighting. The use of ROW fees for street lighting reinforces the relationship between the fees paid for use of the ROW by utilities and the benefit of lighting.

The City’s budget process focuses much attention on the tax-supported funds. However, the process also provides full review and approval for a variety of other funds. The Enterprise Funds are business-type activities funded by user fees, charges for services, and other restricted revenues. Staff carefully review the Enterprise Funds (water, sewer and storm drain) relating to their overhead costs, fees and rates and the need to restructure rates if needed. The regional wastewater agency, Clean Water Services (CWS), is the primary, but not exclusive, determiner of rates for stormwater and sewer service. Their long range forecast shows a steady 3-3.5% increase in service rates

for the future. These are charged against a growing residential, commercial and industrial base of customers. CWS has deferred its annual rate increase for FY 2020-21 due to concerns of a slowing economy due to the pandemic.

Since FY 2017-18, the **Water Fund** has benefited from a pattern of annual rate increases. In FY 2019-20, the consumption rate increased by 40¢ to \$3.57 per 100 cubic feet of water and the base rate increases by \$1.00 to \$16.00 per month for the standard residential meter effective July 1, 2019. 100 cubic feet of water is equal to 1 CCF and one CCF is equivalent to 748 gallons. For FY 2020-21 a rate increase of 66¢ is deferred until December 1, 2020, plus another \$1.00 per month on the standard residential meter, and a proportional increase on larger meters. Of the 66¢ increase in the usage rate, 56¢ is dedicated to support the debt service on a new \$33 million water revenue bond issue sold in April 2020, and to support anticipated loans from both the State for the North Transmission Intertie project and the Federal government through the WIFIA program (Water Infrastructure Finance and Innovation Act). There will likely be increases in the future to assure compliance with debt service covenants as well as meeting operational and capital investment needs.

The following graphs illustrate the trends of steady revenue and consumption increases; the significant increase from FY19 to FY20 is due to withdrawing approximately 4,300 water accounts from Tualatin Valley Water District.



The activities of the **Beaverton Urban Development Agency (BURA)** are funded by property taxes collected within the boundaries on the growth of assessed valuation since creation in 2011. The district's AV has grown by

more than \$332 million over the base year, frozen valuation due to new substantial new construction of commercial and residential uses. This is an increase 42.5% from the base year. This table illustrates the change in AV and tax increment.

**Changes in Assessed Valuation – Beaverton Central Urban Renewal District**

	<b>Total Assessed Valuation - BURA</b>	<b>Year to Year Increase</b>	<b>Percent Change Year to Year</b>	<b>Cumulative Increase (Decrease) over Base Year</b>	<b>Percent Change Over Base Year</b>	<b>Tax Increment Revenue Received</b>	<b>Cumulative Tax Increment Revenue</b>
FY 2011-12 (Base Year)	\$782,261,672						
FY 2012-13	\$788,610,799	\$6,349,127	0.8%	\$6,349,127	0.8%	\$86,881	\$86,881
FY 2013-14	\$800,929,828	\$12,319,029	1.6%	\$18,668,156	2.4%	\$285,134	\$372,015
FY 2014-15	\$833,269,953	\$32,340,125	4.0%	\$51,008,281	6.5%	\$770,852	\$1,142,867
FY 2015-16	\$884,701,194	\$51,431,241	6.2%	\$102,439,522	13.1%	\$1,495,236	\$2,638,103
FY 2016-17	\$921,495,446	\$36,794,252	4.2%	\$139,233,774	17.8%	\$2,025,052	\$4,663,155
FY 2017-18	\$988,802,749	\$67,307,303	7.3%	\$206,541,077	26.4%	\$3,050,549	\$7,713,704
FY 2018-19	\$1,033,399,867	\$44,597,118	4.5%	\$251,138,195	32.1%	\$3,655,371	\$11,369,075
FY 2019-20	\$1,071,365,649	\$37,965,782	3.7%	\$289,103,977	37.0%	\$4,117,576	\$15,486,651
FY 2020-21 B	\$1,114,431,548	\$43,068,899	4.0%	\$332,172,876	42.5%	\$4,684,351	\$16,053,426

For the period 2017-2020, BURA used a combination of internal, short-term borrowing from the city (a.k.a. “day-light” loans) and a Special Revenue Bond which functioned as a Line of Credit. FY 2019-20 was a period for the construction of the Central Beaverton parking garage (350 spaces) as well as property acquisition and development incentives, both resources were used. This has led to exhaustion of the Line-of-Credit and the issuance of a Special Revenue bond in June 2020. The new bond issue will refund the Line-of-Credit, pay for completion of the parking garage and be available for many years of property acquisition, public improvements, development incentives and other activities related to the goals of the urban renewal plan.

A structural change in the BURA funds for FY 19-20 reflects the maturity of the agency, the increasing complexity of its projects and a desire to optimize the uses of a growing amount of tax increment flowing to the agency. The change will shift the various development incentives (i.e. storefront improvements, pre-development assistance) from BURA’s General Fund to a new Programs and Activities Fund so that those services and incentives can be funding by borrowed funds, in compliance with Oregon’s Urban Renewal statutes (ORS 457).

**Compensation Adjustments:** The city has an agreement with the Service Employees International Union (SEIU) for general employees for a new three-year agreement running until June 30, 2021. The agreement allows modest cost-of-living increases based on the CPI-W over the period and offers important cost controls on health insurance premiums. The city’s labor contract with the Beaverton Police Association (BPA) will expire on June 30, 2022.

The budget reflects step increases, several reclassifications of positions, a cost-of-living adjustments of 2.6%, increases in PERS and health/dental costs. Management employees began participation in a Voluntary Employee Beneficiary Association (VEBA) plan beginning in FY 2019-20. SEIU and BPA have participated in similar plans for several years.

**Staffing Additions and Reductions:**

The budget for FY 2020-21 compared to FY 2019-20 contains an increase in employee counts. In total, the full time equivalent (FTE) count increases by a net of 10.5 FTE. The budget reflects a citywide FTE count of 622.76. There is also a limited number of position reclassifications reflected in the budget.

The General Fund reflects a net increase of 3.48 FTE positions comprised of a variety of additions and reductions of staff:

- City Attorney - 0.20 FTE Support Specialist
- Finance – (0.20) FTE reduction in Assistant Finance Director position
- Community Development Department:
  - 1.00 Senior Development Project Manager
  - 1.00 Development Project Coordinator
- Human Resources:
  - 0.48 FTE Human Resources Assistant
  - 1.0 FTE Human Resources Specialist

Changes in FTE in other funds are as follows:

- Lodging Tax Fund – (2.00) FTEs to PRCA
- Street Fund - .50 FTE Public Works Supervisor
- Sewer & Storm Funds - .50 FTE Public Works Supervisor
- Water Fund - 1 FTE Water Distribution Technician 2
- Garage Fund – 1.0 FTE Mechanic
- Information Systems Fund
  - 1.0 FTE Help Desk Supervisor
  - 1.00 FTE Computer Service Technician (matrixed to CDD DRP Project)
  - 2.00 FTE Business Analyst (matrixed to CDD DRP Project)
  - 1.0 FTE Systems Analyst (matrixed to CDD DRP Project)
  - 1.0 FTE Information Services Specialist (matrixed to BPD)

**Public Employees Retirement System:** The City, together with most public employers in Oregon, participates in the Public Employees Retirement System (PERS) or the Oregon Public Service Retirement Plan (OPSRP).

In FY 2004-05, the City began the practice of charging additional amounts over the required contribution rates. With the significant swings in the City’s actuarial accrued liability (both surpluses and deficits as illustrated in the following table), the City’s PERS reserve account can be used as a resource to pay down future deficits or be re-allocated back to the operating funds that made the original contributions. The practice of contributing to a rate-stabilization method provides a “shock-absorber” for future changes. As can be seen in the following table, the net unfunded actuarial accrued liability fluctuates from year to year.



## Historical Actuarial Valuations

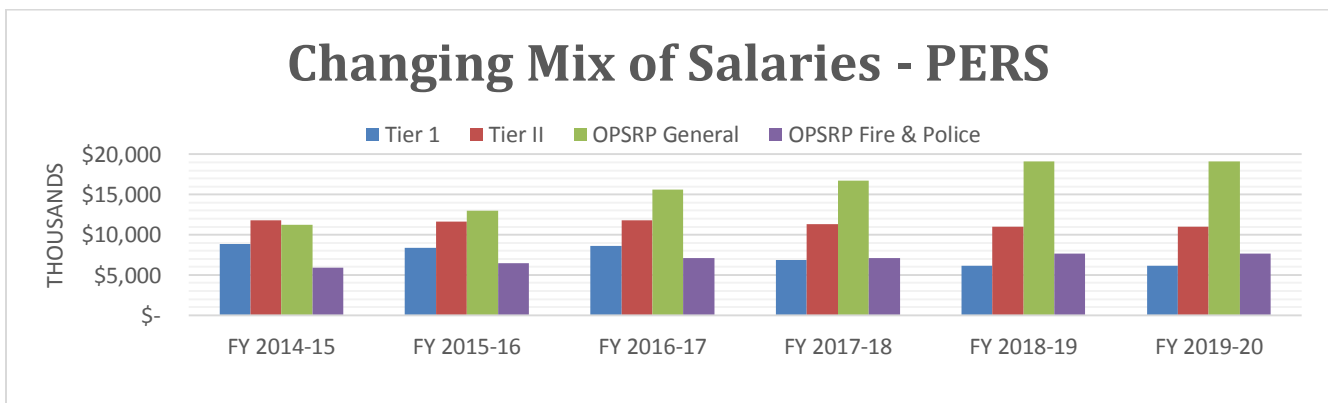
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	(Unfunded) Over Funded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	(Unfunded)/Over funded Actuarial Accrued Liability as a % of Covered Payroll
12/31/04 <sup>1</sup>	\$120,361,263	\$130,068,606	\$(9,707,343)	93%	\$25,806,789	(38)%
12/31/05	135,827,667	136,633,049	( 805,383)	99%	25,202,309	(3)%
12/31/06 <sup>1</sup>	152,481,527	142,451,626	10,029,901	107%	25,678,994	39%
12/31/07	163,532,200	150,054,556	13,477,644	109%	26,663,695	51%
12/31/08 <sup>1</sup>	124,870,860	156,712,907	(31,842,047)	80%	28,710,908	(111)%
12/31/09	141,726,062	165,397,635	(23,671,573)	86%	31,185,880	(76)%
12/31/10 <sup>1</sup>	152,182,765	174,931,684	(22,748,919)	87%	32,532,597	(70)%
12/31/11	146,862,259	181,185,933	(34,323,674)	81%	32,648,286	105%
12/31/12 <sup>1</sup>	159,589,702	181,388,229	(21,798,527)	88%	34,468,039	63%
12/31/13	174,455,205	191,831,494	(17,376,289)	91%	36,355,074	48%
12/31/14 <sup>1</sup>	179,125,005	228,148,252	(49,023,247)	79%	36,862,844	(133)%
12/31/15	172,778,254	240,245,999	(67,467,745)	72%	38,014,220	(177)%
12/31/16 <sup>1</sup>	176,837,903	256,068,508	(79,230,605)	69%	40,217,514	(197)%
12/31/17	194,284,295	266,636,590	(72,352,295)	73%	40,642,988	(178)%
12/31/18 <sup>1</sup>	181,410,114	274,479,315	(93,069,201)	66%	41,955,794	(222)%

1. Interim Valuations

Every two years, the PERS board conducts an actuarial valuation of the PERS system that is used to set the contribution rates for the next two-year period. PERS performed the actuarial evaluation for the period ending December 31, 2017 and the results were completed in September 2018. This evaluation established the City's PERS funding rates for the ensuing biennium, which is July 1, 2019 through June 30, 2021 (FY 2019-20 and FY 2020-21).

Approximately 39% of current employees are in PERS Tier 1 or Tier 2 classes and the balance are in OPSRP. The chart below illustrates how that mix is changing with retirements of veteran employees. For the City, PERS has established required contribution rates of 27.45% for PERS Employees, 18.45% OPSRP General Employees and 23.08% for OPSRP Police Employees, including the employee contribution paid by the City. This is an average increase of PERS rates of 2.86% over the previous biennium period (FY 2017-18 to FY 2017-19). The recent earnings levels of the stock market and other investments utilized by PERS further impact a recent Oregon Supreme Court decision that reverses most of the reform efforts of the 2013 Legislature and is contributing to projections of substantially higher rates for the next biennium (FY 2019-20 and FY 2020-21).

The city maintains approximately \$4.2 million in a PERS rate stabilization reserve that is available to assist with future PERS contribution rate increases. PERS reform continues to be an important topic of the Oregon legislature, stakeholders and governor.





**Service Enhancements:** There are consistent pressures to increase and enhance services reflected in the priorities of the Mayor and City Council which are driving budget allocations. The City’s capacity to respond to development activity by the private sector, public agencies and other investments is critical. The strategic expansion of staff including development plan review, permit issuance, project management skills and field inspection personnel continues in the coming years. After developing the preferred method for electronic plan submittals, the entire development team is involved in implementing a new electronic plans submittal and review software. At the same time, extensive efforts at asset management are yielding substantial benefits for managers. This effort is aided by field usage of tablets, laptops and other mobile devices to record and view data or maps. This investment in a competent and talented staff, operating within a more efficient system, should pay off in fulfilling the pledge that Beaverton is “Open for Business.”

**Equipment Replacement and Upgrades:** It is important that the City make careful decisions about replacing or upgrading equipment. Equipment is replaced or upgraded to take advantage of new technology as a measure to ensure that employees have safe and adequate tools and equipment to provide services to the public. The objective for upgrading and replacing equipment is normal replacement as equipment completes its useful life or additions of new technology. Many programs or funds have an equipment replacement reserve which may partially offset the expense of a new vehicle. In a policy change, the definition of a fixed asset sets a minimum of \$10,000 instead of \$5000, so some items or equipment previously showing as a capital outlay are now merely operating equipment (i.e. riding mower).

The FY 2020-21 budget includes the following vehicle and major equipment purchases:

- 1 replacement landscape duty trailer
- Additional Caterpillar loader
- Replace 12 yard dump truck
- 1 new enclosed trailer
- 1 John Deere Large Loader
- Replace light duty trailer
- Replacing aging telemetry equipment for water system - 4 sites
- Acquire closed caption tv transporter for sewer lines
- Replace 8 patrol vehicles and 2 police motorcycles
- Replace the K9 vehicle
- Purchase fuel management system and replace outdated fuel card reader system
- Enhance wireless network for Public Works

**Insurance Programs:** The City's insurance programs consist of General Liability, Property Coverage, Workers’ Compensation, Unemployment and Medical/Dental. The programs are funded through charges to the operating funds as part of the payroll system or through inter-fund transfers. General liability insurance and property insurance rates/coverage are consistent with market trends. The Risk Management Committee annually recommends appropriate reserve levels for the various insurance programs and funding requirements for the budget.

As with any employer, much of the focus is on health and dental insurance programs. Budgeting for health care continues to be challenging. However, recent changes in plan design, the impact of wellness programs and incentives for employees to change to lower cost plans or opt out are holding down rate increases. None of the union groups remain on the lower deductible, preferred provider plans. For FY 2020-21, the Kaiser medical plan is slated to increase by 11.8%, the Kaiser dental plan by 4.8%, while the MODA plans do not have a planned increase.

Worker’s Compensation expenses have re-stabilized at a much lower level than experienced a few years ago. This is a self-funded program and it is expected that an appropriation of \$150,000 to meet claims is sufficient for FY 2020-21. The self-funded unemployment insurance program enjoyed several years with a sufficient fund balance so that no additional appropriations were required. In FY 2020-21, \$60,000 has been budgeted for claims.

**Staff Training:** Competition for employee recruitment and retention is significant and the Organization Development staff continues to be push out training and professional development offerings designed to “grow”

the skills of employees and help them succeed. The leadership training program is anchored in the Leadership Lab, a five-day experiential leadership development workshop. Department heads also identified and sent a four-person cohort to Advanced Leadership, which targets critical organizational leaders, and provides sophisticated tools to support managers in motivating teams and individuals to meet performance goals and operating results. As a means of identifying and working with prospective leaders a Leadership Development Program curriculum was developed. City of Beaverton University (COBU) was launched in December of 2018 with input from Department Heads and Senior Managers. The Leadership Development Program curriculum provides our leaders with courses and workshops designed to hone their Knowledge, Skills and Abilities (KSAs) related to the core competencies outlined in the Beaverton Competency Process.

Mandatory training is offered in the areas of workplace harassment and whistleblower protections, substance abuse training and diversity and equity on a regular basis. The City also offers a popular tuition reimbursement program for those seeking college level training in areas related to their duties.

### SUPPLEMENTARY BUDGET DETAIL

The Finance Department has prepared the following detail regarding the budget. This provides a more comprehensive description of the financial condition of the City and areas of interest in the budget. The City budgets for all funds that are subject to the requirements of state law. The category totals of personnel services, materials and services, capital outlay and other expenditures by department are the legal level of budgetary control for the General Fund. For all other funds, the legal level of budgetary control is at the total category level by fund. In addition to presenting the budget to meet legal requirements, City departments present their budget goals and objectives that are measurable and directly related to providing City services. The FY 2020-21 City budget totals \$352,061,607 that includes fund contingencies and reserves totaling \$60,325,291. The Beaverton Urban Redevelopment Agency’s budget is \$54,535,499.

The budget will require a **total imposed property tax levy of \$47,200,235** allocated as follows:

	Imposed Tax Levies	Less Provision For Discounts, Non- Collections	Estimated Net Tax Receipts	Property Tax Rate
General Fund	\$41,225,697	\$2,061,285	\$39,164,412	\$3.8343
Library Fund	3,858,738	192,937	3,665,801	0.3917
Subtotal Levy Within the Permanent Tax Rate	\$45,084,435	\$2,254,222	\$42,830,213	\$4.2260
General Obligation Debt Levy	2,115,800	105,790	2,010,010	0.1983
<b>Total Property Tax Levy</b>	<b>\$47,200,235</b>	<b>\$2,360,012</b>	<b>\$44,840,223</b>	<b>\$4.4243</b>

The General and Library property tax levies are subject to the property tax limitation (Measure 5) contained in Article XI Section 11b of the Oregon Constitution as amended.

The estimated City’s assessed valuation for tax purposes, not including the Urban Renewal Division of Tax is \$10,668,242,000. The tax rate formula is:

Total taxes subject to collection of \$47,200,235 divided by the estimated assessed valuation for property tax purposes of \$10,668,242,000 multiplied by \$1,000

The **General Fund’s revenue** for FY 2020-21 is budgeted at \$73,537,361 in current revenues and \$15,483,943 in beginning fund balance for a combined \$89,021,304 in available resources. Property tax revenue totals \$39,160,368 and this amount represents 53% of the General Fund’s current revenues. Right Of Way (ROW) Fees - a.k.a. Franchise Fees (telephone, telecom, electric, gas, water, sewer, storm, and refuse) account for \$10,296,387 or 14.0% of the General Fund’s current revenues. State shared revenue, comprised of the City's share of marijuana, cigarette and liquor taxes, account for \$3,323,000 or 4.5% of the current General Fund revenue. Permit fees, including those

for site development and land use, are budgeted at \$1,641,600, or 2.2% of current General fund revenue. Court fines for running red lights, speeding and parking tickets account for 7.1% of current General Fund revenues, budgeted at \$5,252,442. Other City funds make use of General Fund services such as payroll, and in total transfer \$6,831,087 to the General Fund, 9.3% of the total. Federal Grant revenues total \$417,135 and fund specific programs or activities.

The primary characteristics of the General Fund for FY 2020-21 are as follows:

<b>GENERAL FUND</b>	<b>FY 2019-20</b>	<b>% of Total General Fund</b>
Current Revenue	\$73,537,361	82.6%
Beginning Fund Balance	\$15,483,943	17.4%
Total Revenues	\$89,021,304	100.0%
Property Taxes	\$39,160,368	53.3%
ROW Fees	\$10,290,387	14.0%
State Shared Revenue	\$3,323,000	4.5%
Permit Fees	\$1,641,600	2.2%
Court Fines	\$5,252,442	7.1%
Transfers	\$6,831,087	9.3%
Current Expenditures	\$74,565,559	91.1%
Contingencies and Reserves	7,324,689	8.9%
Total Budget	\$81,890,248	100.0%
Personnel Services	\$50,875,518	62.1%
Police Services	\$34,216,854	41.8%
Capital Outlay	\$1,545,300	0.2%

**General Fund’s expenditures** for FY 2020-21 consist of \$80,081,806 in current expenditures and \$8,939,498 in contingencies and reserves. Salary, payroll taxes and fringe benefits total \$55,557,340 representing 69.4% of the General Fund’s current expenditures. The General Fund’s largest program is police services with a total appropriation of \$36,769,003 (45.9% of the current expenditures). The General Fund’s capital outlay budget totals \$1,594,975 of which the major items are for construction of an extension of the heating and cooling district to the Center for the Arts, replacing police vehicles, and software systems for Community Development permits and plans.

The **Street Fund’s** budget reflects a decrease of \$1.4 million when comparing FY 2019-20 to FY 2020-21. This decline is due to expected revenue decreases due to the coronavirus pandemic. Due to the pandemic and stay-at-home orders by the Governor, workplaces largely shifted to remote work, drastically reducing the number of miles driven, and therefore less fuel used, which translates into less gas tax revenues for the City. To balance to declining revenues, the Street Maintenance budget was reduced. Materials and Services were reduced approximately \$473,000, in the areas of retrofitting ADA ramps, street maintenance and arterial reconstruction. Additionally, the transfer to capital projects was reduced, and contingency for street maintenance was reduced. Urban Forestry removed one-time funding from FY 2019-20 for vehicle purchases. However, some of these decreases are offset by an increase in one-time funding for retrofitting street lighting to replace high pressure sodium fixtures to LED.

The statewide gas tax is based on steady gas tax rate increases and increases in vehicle registration until at least FY 2023-24. The fund’s revenue for FY 2020-21 is budgeted at \$10,540,913 in current revenues and \$3,492,411 in beginning fund balance for a combined total of \$14,033,324 in available resources. The revenue coming from the state gas tax is anticipated to be \$6.46 million, a decrease of \$924,000, or 12.5%, when compared to FY 2019-20, due to decreased traffic volume as people stay home to help stop the spread of COVID-19.

The fund’s expenditures consist of \$11,820,363 in operating expenditures, which includes \$2,713,000 in street repair expense (overlays/ramps/sidewalks), \$902,450 in capital outlay (vehicles, equipment, improvements), and a \$717,600 transfer to the Capital Project Fund for street construction. The fund is projected to have an ending fund balance of \$2,212,961 by fiscal year end. Salary, payroll taxes and fringe benefits costs total \$3,435,915

representing approximately 29.1% of the Street Fund’s operating expenditures. The Street Fund’s operating contingency represents 15.8% of the Fund’s total appropriations, which is available for emergency street expenditures.

A new Public Works supervisor position was added to the budget, half of which is allocated to the Street Maintenance Program. The primary characteristics of the Street Fund for FY 2019-20 are as follows:

<b>STREET FUND</b>	<b>FY 2019-20</b>	<b>% of Total Street Fund</b>
Current Revenue	\$10,540,913	75.1%
Beginning Fund Balance	3,492,411	24.9%
Total Revenues	\$14,033,324	100.0%
Gas Tax/Vehicle Reg. Revenues	\$8,479,000	60.4%
ROW Fees Transfer	1,865,013	13.3%
Operating Expenditures	\$11,820,363	84.2%
Contingencies and Reserves	2,212,961	15.8%
Total Budget	\$14,033,324	100.0%
Personnel Services	\$3,435,915	21.9%
Street Repair Expense	\$2,713,000	19.3%
Capital Outlay	\$902,450	6.4%
Transfers	\$717,600	5.1%

The **Building Fund’s** budget reflects an increase in development and construction activity. The fund’s revenue for FY 2020-21 is budgeted at \$5,058,925 in current revenues and \$1,217,115 in beginning fund balance for a combined total of \$6,276,040 in available resources. The fund’s expenditures for FY 2020-21 consist of \$5,128,876 in operating expenditures and \$1,147,164 in contingency. Salary, payroll taxes and fringe benefits are budgeted at \$3,487,566, representing approximately 55.6% of the Building Fund’s total, and the contingency represents 18.3% of total fund appropriations.

The primary characteristics of the Building Fund for FY 2019-20 are as follows:

<b>BUILDING FUND</b>	<b>FY 2019-20</b>	<b>% of Total Building Fund</b>
Current Revenue	\$5,058,925	80.6%
Beginning Fund Balance	\$1,217,115	19.4%
Total Revenues	\$6,276,040	100.0%
Operating Expenditures	\$5,128,876	81.7%
Contingency	\$1,147,164	18.3%
Total Budget	\$6,491,166	100.0%
Personnel Services	\$3,487,566	55.6%

The **Capital Projects Fund** provides for improvements to the City’s street and transportation system, and it includes appropriations for FY 2020-21 projects that are included in the City’s Five-Year (FY 2020-21 through FY 2024-25) Capital Improvements Program (CIP). Transfers from the General Fund, Street Fund, Storm Drain Fund and the Traffic Development Tax Fund along with Federal/State grants and Metro programs, provide the funding for the street and transportation construction projects. The FY 2020-21 CIP includes appropriations for the following street projects:

Project Number	Project Title	FY 2020-21 Budget
3112	Sidewalk Project – Allen: 92 <sup>nd</sup> to Scholls Ferry	900,000
3113	Sidewalk Project – Laurelwood Avenue	237,000
3143	Active Transportation Projects	60,000
3189	Traffic Calming	120,000
3223	Traffic Enhancement Projects	65,906
3307	Underground Utility Projects	517,232
3321	Westgate/Cedar Hills/Dawson Way Realignment	1,565,000
3327	Millikan Way Realignment	925,000
3328	Western Ave. (5 <sup>th</sup> – Allen) Improvements	575,000
3408	Hocken Ave. (RR Xing – Canyon Road)	650,000
3413	City-Wide Fiber Connection	150,000
3416	Quiet Zones	175,000
3417	Fanno Creek Trail, Allen to Denny	700,000
3519	Canyon Rd Intersection Imp	270,000
	Total Capital Projects Fund	\$6,910,138

The **Water** family of funds is comprised of the Water Operating Fund, Water Debt Service Fund, the Water Construction Fund and a **new fund** - the Water WIFIA Fund (Water Infrastructure Finance and Innovation Act). The Water Operating Fund accounts for revenues received from monthly water bills and expenditures in the maintenance, operation and administration of the water system. The Water Debt Service Fund accounts for the payment of bonded debt issued for the acquisition and construction of system improvements, while the Water Construction Fund accounts for capital expenditures incurred for construction and improvements to the water system. The new Water WIFIA Fund, added in late FY 2019-20, accounts for proceeds associated with the WIFIA loan program and capital infrastructure projects financed by the WIFIA loan, in addition to administrative expenses to administer the program.

The Water Operating Fund’s revenue for FY 2020-21 is budgeted at \$22,217,500 in current revenues and \$11,264,478 in beginning fund balance for a combined total of \$33,481,978 in available resources. The fund’s expenditures consist of \$13,842,909 in current operating expenditures, \$698,580 in capital equipment purchases, \$5,618,005 in major maintenance of water infrastructure, \$4,432,135 Transfer to the Debt Service Fund, \$2,630,000 in transfers for Water capital infrastructure improvements, and \$6,260,349 in contingencies and reserves.

The FY 2020-21 major maintenance and replacement infrastructure improvements are:

Project Number	Project Title	FY 2020-21 Budget
3611	Joint Water Commission (JWC) Projects	\$1,084,005
3701	Water System Improvements	4,534,000
	Total Water Fund CIP Program	\$5,618,005

The allocated resources ensure the City will continue to provide high quality water that meets the most stringent requirements of any standard-setting association or regulatory agency. Sufficient resources are also budgeted to supply the quantity of water to meet the community’s needs, to maintain required fire flow storage and to provide capacity for future growth. All revenues from the monthly water rate charges appear in the Water Operating Fund. The Water Debt Service Fund contains appropriations of \$4,432,135 for debt service and an unappropriated fund balance of \$69,490.

The **Water Capital Improvement Program (CIP)** accounts for both major maintenance of the system and construction to increase its capacity, and includes appropriations of \$33,819,000 for construction projects and \$7,051,984 for investments in a joint ventures. The CIP is funded from a variety of sources, including transfers

from the Water Operating Fund, system development charges, proceeds from revenue bonds, proceeds from loans from the State of Oregon, and proceeds from the WIFIA loan program. The FY 2020-21 construction projects are:

Project Number	Capital Const. Fund Project Title	FY 2020-21 Budget
3620	Water Extra Cap Supply System	20,000
3622	Cooper Mountain Reservoir No. 2 & Lines (Bond)	4,115,000
3627	Withdrawal of Areas from TVWD (Bond)	722,500
3636	Scoggins Dam Raise Project	3,000
3643	Willamette Intake Facility Joint Venture (Bond)	299,545
3645	Willamette Water System Project - City Interties	2,000
3646	Willamette Water Supply Project: Treatment, Storage & Transmission Joint Venture	6,772,439
	<b>Total Water Construction Fund 505 Program</b>	<b>\$11,934,484</b>

Project Number	WIFIA Fund Project Title	FY 2020-21 Budget
3680	South Cooper Mtn Improvements	15,018,500
3682	Aquifer Storage & Recovery Well Improvements	9,737,000
3683	North Transmission Intertie	1,635,000
3684	North Transmission Intertie Connections	841,000
3685	East Transmission Intertie	905,000
3686	Willamette Water Supply Connections	800,000
	<b>Total Water Construction Fund 505 Program</b>	<b>\$28,936,500</b>

**Total CIP** **40,870,984**

**Sewer Fund's** revenue for FY 2020-21 is budgeted at \$4,618,500 in current operating revenues, \$2,710,000 in contributions from Clean Water Services (CWS) for capital projects, \$125,000 from System Development Charges and \$10,514,591 in beginning fund balance for a combined total of \$17,968,091 in available resources. The fund's expenditures consist of \$4,149,696 in current operating expenditures, \$56,500 for equipment replacement, \$3,862,000 in capital infrastructure improvements, and \$9,899,895 in contingencies and reserves.

The City is a participant in an intergovernmental consortium for region-wide sewer services. The lead agency, CWS, operates and maintains the wastewater treatment plants and all sewer lines 12 inches and greater in diameter. The City operates and maintains all sewer lines less than 12 inches in diameter within the City's corporate boundary. CWS sets the sewer rate for the region. For FY 2020-21, CWS has deferred their annual rate increase due to concerns over the economy since the outbreak of the coronavirus pandemic. The City adds an additional \$2.00 per month charge to maintain the City's portion of the sewer infrastructure. The participating cities bill and collect the sewer revenues and remit approximately 84% to CWS (called the district-wide portion) and retain approximately 16% for their operations (called the local portion). Beaverton additionally adds a 5% ROW fee against all elements of the sewer rate.

The City's local portion of revenue is dedicated to operating the sewer system within its corporate boundary and, when combined with system development charges, provides for sewer system rehabilitation and system capacity improvements. The City's FY 2020-21 sewer capital improvement program includes the following appropriations:

Project Number	Project Title	FY 2020-21 Budget
3811	Sewer Extra Capacity Improvements (SDC)	\$2,710,000
3813	6B Cooper Mtn. Sewer Infrastructure	62,000
3850	Replacement Projects (Funded by \$2 Surcharge)	1,090,000
	<b>Total Sewer Fund CIP Program</b>	<b>\$3,862,000</b>

**Storm Drain Fund's** revenue for FY 2020-21 is budgeted at \$6,891,200 in current revenues and \$10,427,461 in beginning fund balance for a combined \$17,318,661 in available resources. The fund's expenditures consist of

\$5,559,147 in current operating expenditures, \$72,700 for capital equipment purchases, \$2,370,500 in capital infrastructure improvements and \$9,316,314 in contingency and reserves.

The City is a participant in an intergovernmental consortium for region-wide storm and surface water management. The lead agency, CWS, is responsible for the region-wide facilities and the Surface Water Management (SWM) plan. The City is responsible for the sweeping streets and maintaining culverts, catch basins and detention facilities within its corporate boundary.

CWS establishes the monthly base fee amount for all jurisdictions within the CWS service area. Single-family residences are billed one Equivalent Service Unit (ESU) per month. For multi-family and commercial properties, the number of ESUs is determined by dividing its square footage of impervious area (i.e. roofs, parking lots, driveways) by 2,640 – the estimated amount of impervious surface of a residential lot. For FY 2020-21, CWS has deferred their annual rate increase due to concerns over the economy since the outbreak of the coronavirus pandemic. The current charge of \$9.25 per month. Beaverton will remit \$2.31 to CWS (25%) and will retain the balance of \$6.94 (75%).

In addition to the base charge, the City collects a \$2.06 per month surcharge per ESU. The surcharge is estimated to generate approximately \$1.5 million annually. \$2.00 of the surcharge is dedicated to replace existing facilities that are failing or deficient, while \$0.06 is recorded as a fee for the pipes using the right of way. The surcharge revenue and revenue from system development charges provides funding for the surface water CIP. The FY 2020-21 capital improvement program includes the following appropriations:

Project Number	Project Title	FY 2020-21 Budget
3915	Storm Water Capacity - Conveyance Projects	453,500
3916	Storm Water Capacity - Quantity Projects	35,000
3917	Storm Water Capacity - Quality Projects	60,000
3950	Replacement Projects (Funded by \$2 surcharge)	1,822,000
	Total Storm Drain Fund CIP Program	<u>\$2,370,500</u>